



# Department of Justice

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## **U. S. ATTORNEY'S OFFICE COLLECTS \$30.8 MILLION IN CIVIL & CRIMINAL ACTIONS AND FORFEITURES IN FISCAL YEAR 2012**

(Albany, New York) - United States Attorney Richard S. Hartunian announced today that the Northern District of New York collected a total of \$30,811,828.88 in Fiscal Year (FY) 2012 in civil and criminal actions and forfeitures, comprised of \$9,876,524.88 in criminal and civil actions and \$20,935,304.00 in criminal, civil and administrative forfeitures. Of the \$9,876,524.88, \$2,715,873.25 was collected in criminal actions, as fines, restitution, and bail bond forfeitures, and \$7,160,651.63 was collected in civil actions, as civil settlements, civil penalties, and defaulted loan recoveries.

Nationwide, the U.S. Attorneys' Offices collected \$13.16 billion in criminal and civil actions during FY 2012, more than doubling the \$6.5 billion collected in FY 2011. A portion of this amount, \$5.3 billion, was collected in shared cases involving more than one U.S. Attorney's Office and/or Department of Justice litigating division. The \$13.16 billion represents more than six times the appropriated budget of the combined 94 U.S. Attorney's Offices for FY 2012.

"During these challenging economic times, collections are critically important," said U.S. Attorney Richard S. Hartunian. "The U.S. Attorney's Office is dedicated to protecting the public and recovering funds for the federal treasury and for victims of federal crime. We are also committed to holding accountable those who seek to profit from their illegal activities."

Northern District of New York cases resulting in significant recoveries include the following:

### A. Criminal Actions

In January of 2012, Lieze Associates, Inc., d/b/a Eagle Recycling, paid a criminal fine of \$500,000 in connection with the unlawful disposal of millions of pounds of asbestos contaminated construction and demolition debris in a farmer's field in Frankfort, New York, from June through October of 2006. The owner of Eagle Recycling and his partner created a false New York State Department of Environmental Conservation permit to make it appear that the site was legal when it had nothing that a normal landfill would require, such as fences, scales, methods to capture and treat waste water runoff, intended sets backs from wetlands (and the Mohawk River), and hydro-geologic studies. Defendants included the principal Eagle operator, the landowner, the landfill operator, the owner of another recycling facility and his company from New Jersey (who also sent asbestos contaminated waste), and a waste broker who arranged for truckloads of material to be shipped. All defendants were convicted of conspiracy to violate the Clean Water Act and to commit mail fraud. Several others were convicted of obstruction of justice and making false statements to investigators.

## B. Civil Actions

In February of 2012, the Northern District of New York recovered \$2,000,000 as part of the settlement in the *United States ex rel. Kuney v. Cablexpress Corp. (CXTEC)* civil case. The settlement resolved allegations that CXTEC falsely represented where the computer parts it sold to the federal government had been manufactured. CXTEC signed a contract with the General Services Administration to provide computer parts, including cables and gigabit interface converters<sup>1</sup> (GBICs), to the federal government. The contract was subject to the Trade Agreements Act, which requires that all products sold under it be manufactured in one of a list of designated countries. The settlement resolves allegations that CXTEC knowingly sold products to the United States from countries which are not on the designated list, such as China, a country that does not have reciprocal trade agreements with the United States. The settlement agreement also resolved allegations that CXTEC sold the government generic GBICs while falsely representing that they were name-brand GBICs.

In January of 2012, the Northern District of New York also recovered \$3,576,056 as part of a settlement in the *United States ex rel. Jorgenson v. Cayuga Medical Center, et. al.* civil case. This settlement resolved a *qui tam* lawsuit alleging that Cayuga Medical Center recruited physicians into the local Ithaca area pursuant to recruitment agreements which violated a federal law known as the Stark Act. This law (42 U.S.C. §1395nn) applies to recruitment agreements between hospitals and physicians; it prohibits a physician from referring patients to a hospital if the physician has a financial relationship with the hospital, unless an exception applies. The Stark Act also prohibits a hospital from billing Medicare for a prohibited referral. Federal regulations and related guidelines do allow for hospitals to pay for certain expenses of medical practices who employ physicians recruited to the area by the hospital. However, the complaint alleged that Cayuga Medical Center recruited physicians to the area and paid for expenses that were not permitted by said regulations and guidelines, and improperly extended a physician recruitment agreement.

## C. Forfeiture Cases

In November of 2012, the Northern District of New York forfeited approximately \$11.28 million dollars in the case of *United States v. Eric Canori*. Canori pled guilty to participating in a conspiracy to distribute 100 or more kilograms of marijuana and was ultimately sentenced to 30 months imprisonment. The execution of search warrants at Canori's residences in Wilton, New York, and Ross, California, resulted in seizures of currency, marijuana, and drug packaging. Subsequent investigation led to the recovery of precious metals, gold and silver, that were proceeds of the conspiracy. As part of his plea, Canori agreed to forfeit the currency and precious metals to the United States.

In April of 2012, the Northern District of New York collected \$6,000,000 in forfeiture proceeds in the case of *United States v. IFCO Systems North America (IFCO)*. IFCO, a Houston based company with a plant in Albany, New York, operated the largest pallet manufacturing company in the United States. The amount collected in April was part of a \$20.7 million corporate settlement agreement, entered into in December of 2008, that resolved allegations that IFCO employed illegal aliens in its plants around the country.

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<sup>1</sup>A gigabit interface converter is a hot-swappable input/output device that plugs into a gigabit ethernet port or slot, linking the port with the network.

The U.S. Attorneys' Offices, along with the Department of Justice's litigating divisions, are responsible for enforcing and collecting civil and criminal debts owed to the U.S. and criminal debts owed to federal crime victims. Statistics indicate that the aggregate amount collected nationally in federal criminal actions totaled \$3.035 billion in restitution, criminal fines, and felony assessments. The law requires defendants to pay restitution to victims of certain federal crimes who have suffered a physical injury or financial loss. While restitution is paid directly to the victim, criminal fines and felony assessments are paid to the department's Crime Victims' Fund, which distributes the funds to state victim compensation and victim assistance programs.

The statistics also indicate that a total of \$10.12 billion was collected by the U.S. Attorneys' Offices in individually and jointly handled civil actions. The largest civil collections were from affirmative civil enforcement cases, in which the United States recovered government money lost to fraud or other misconduct or collected fines imposed on individuals and/or corporations for violations of federal health, safety, civil rights or environmental laws. In addition, civil debts were collected on behalf of several federal agencies, including the U.S. Departments of Housing and Urban Development, Health and Human Services, and Education, as well as the Internal Revenue Service and Small Business Administration.

Additionally, the U.S. Attorneys' Offices, working with partner agencies and divisions, collected a total of \$4.389 billion in asset forfeiture actions in FY 2012. Forfeited assets are deposited into the Department of Justice Assets Forfeiture Fund and Department of Treasury Forfeiture Fund and are used to restore funds to crime victims and for a variety of law enforcement purposes.

The \$13.16 billion collected nationwide by the U.S. Attorneys' offices for FY 2012 nearly matches the \$13.18 billion collected in FY 2010 and FY 2011 combined.

For further information, the United States Attorneys' Annual Statistical Reports can be found on the internet at [http://www.justice.gov/usao/reading\\_room/foiamanuals.html](http://www.justice.gov/usao/reading_room/foiamanuals.html).

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